



Novation of ICT contracts from Serco Ltd to Peterborough City Council upon expiry of the Managed ICT Contract.
COUNCILLOR MOHAMMED FAROOQ – CABINET MEMBER FOR DIGITAL SERVICES AND TRANSFORMATION
June 2020
Deadline date: 30 June 2020

Cabinet portfolio holder:	Councillor Mohammed Farooq, Cabinet Member for Digital Services and Transformation
Responsible Director:	Sue Grace, Director of Customer and Digital Services
Is this a Key Decision?	YES If yes has it been included on the Forward Plan : Yes Unique Key decision Reference from Forward Plan: KEY/27APR20/01
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	YES
Is this a project and if so has it been registered on Verto?	NO

RECOMMENDATIONS

The Cabinet Member is recommended to:

1. Approve Peterborough City Council’s option to novate from Serco Ltd to the Council, any Third-Party contracts or licences as required for the efficient continuation of IT services by the Council upon expiry of the Serco Managed ICT Contract with effect from 1 October 2020, or earlier where essential, to ensure continuity of service delivery. .

1. SUMMARY OF MAIN ISSUES

- 1.1 This report seeks the Cabinet Member for Digital Services and Transformation’s approval to novate Third Party ICT support contracts from Serco Ltd to Peterborough City Council as part of the ICT Managed Contract’s Exit Plan. This is to ensure minimal interruption to, or disruption of, or degradation of IT Services upon expiry of the Managed ICT Contract on 30 September 2020.

2. PURPOSE OF THIS REPORT

- 2.1 This report is for the Cabinet Member for Digital Services and Transformation to consider exercising delegated authority under paragraph 3.4.8 (a) of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (a).

- 2.2 The attached Appendix 1 is NOT FOR PUBLICATION in accordance with paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains commercially sensitive information relating to the managed ICT contract and third party contractors. The public interest test has been applied to the information contained within the exempt appendix and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it as it could prejudice the Council's position in any future procurement of such services. There is also a requirement on the Council to maintain the confidentiality of the contractual details between Serco and its sub-contractors.

3. **TIMESCALE**

Is this a Major Policy Item/Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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4. **DETAILS OF DECISION REQUIRED**

- 4.1 The decision maker is asked to:

4.1.1 Authorise the novation of Third-Party ICT support contracts from Serco Ltd to Peterborough City Council as part of the ICT Managed Contract's Exit Plan to ensure minimal interruption to, or disruption or degradation of IT Services upon expiry of the Managed ICT Contract on 30 September 2020.

- 4.2. Serco have an estimated 66 agreements across 41 suppliers with an accumulative total contract value of approximately £2m. These agreements cover the provision of services/goods that support the Managed ICT service, ensuring delivery of infrastructure and technologies that provide a fit for purpose managed ICT service to the Council. In addition, Serco are party to a Licence for Network Access and Maintenance which provides the Council with access to a dark fibre network within the city, and upon completion of the core network this shall also be novated to the Council. Upon expiry of the Managed ICT Contract the Council may exercise the option to require a transfer of a Third Party Contract to the Council. Any novation shall support the delivery of the IT service in-house whilst the responsibility of the service transfers from Serco to the Council.

5. **CONSULTATION**

- 5.1 As part of the decision, consultation was undertaken with the relevant Service leads within the Council and the respective heads of service delivery within Serco, as well as the respective legal services for both the partner and the Council.

6. **ANTICIPATED OUTCOMES**

- 6.1 The novation of Third Party Agreements from Serco Limited to the Council shall ensure the efficient continuation of IT services. The attached exempt annex sets out details of each contract that shall be novated to the Council.
- 6.2 Insofar as a Third-Party Agreement in relation to which the Council exercises its options cannot be novated, the Council shall make alternative arrangements on a case by case basis, in consultation with Procurement and Legal, and in accordance with provisions set out in the Managed ICT Contract.

7. REASONS FOR RECOMMENDATIONS & ANY RELEVANT BACKGROUND INFORMATION

- 7.1 On 1 October 2009 Peterborough City Council entered into the Managed ICT Contract with Serco Ltd, a long term partnership for the provision of IT services and wider business transformation by Serco for a contract period of 11 years. The Managed ICT Contract expires on 30 September 2020.
- 7.2 Upon commencement of the Managed ICT Contract a number of IT contracts between the Council and third parties were transferred to Serco. They became responsible for the performance of all obligations in relation to these IT services. Over the duration of the Managed ICT Contract, Serco Ltd have procured further IT contracts in relation to upgrading of systems and infrastructure and the overall delivery of infrastructure and technologies to ensure delivery of the IT service to the Council.
- 7.3 Upon expiry of the Managed ICT Contract the Council will be delivering the IT service in-house. The Council and Serco are presently in the Exit Phase of the Managed ICT Contract and working together to ensure an orderly and timely transfer of responsibility from Serco to the Council with the minimal interruption to IT Services. As part of this exit phase, the work-stream of 'licences and contracts' has identified those IT contracts held by Serco which support the delivery of the IT service and where applicable have arranged for their novation to the Council.
- 7.4 The Council has the option to novate any such Third Party contracts or licences the Council requires for the efficient continuation of the IT services. Whilst these IT contracts shall be novated to the Council to maintain continuity of IT service, there is procurement planning underway within the Council to ensure procurement of those contracts that are due to expire after the IT service is delivered in-house with effect from 1 October 2020.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 For the Council not to novate any Third Party contracts from Serco this would mean the Council having to simultaneously re-procure all of the IT services covered by these Third-Party contracts. This could lead to service disruption where such a move resulted in a large number of changes of system and/or removal of support on 1 October 2020. To ensure an orderly and timely transfer of responsibility from Serco to the Council with minimal interruption, disruption or degradation of IT services the provision included within the Managed ICT Contract to novate Third Party contracts required for the efficient continuation of the IT services shall be relied upon and exercised.

9. IMPLICATIONS

9.1 Legal Implications

In accordance with the Managed ICT Contract, the Council has the option to novate between Serco and the Council any such Third Party contract or licence as the Council so requires for the efficient continuation of the IT Service.

Legal Services are undertaking due diligence in relation to each contract that shall be novated to the Council.

A procurement plan is being compiled to ensure upon expiry of each of the novated contracts, that they shall each be re-procured in accordance with the Public Contracts Regulations 2015.

- 9.2 Financial Implications: The Council will be committed to pay the fees due on any contracts

novated for their duration. However, as Serco recharges the costs to the Council the commitment is already in place and may actually bring some savings as a mark-up will no longer be payable to Serco on these contracts.

9.3 Carbon Impact Assessment – there is no change to the current status by novating these contracts to the Council. In the majority of cases support and management is agile so reducing the energy needs on council offices.

9.4 Equalities Impact Assessment – is neutral for this CMDN

10. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

None.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

None.